

EXHIBIT 24

FEE PAID

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Clerk of the Superior Court
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5 Attorneys for Plaintiff
 PACIFIC BONDING CORPORATION, INC.
 6 dba ALADDIN BAIL BONDS

(29)
 CLERK-SUPERIOR COURT
 SAN DIEGO COUNTY

7
 8 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
 9 FOR THE COUNTY OF SAN DIEGO, NORTH COUNTY DIVISION

10 PACIFIC BONDING CORPORATION,
 INC., dba ALADDIN BAIL BONDS, a
 11 California corporation,

Case No. GIN 033663
CIV 439663

12 Plaintiff,

FIRST AMENDED COMPLAINT FOR:

13 v.

- (1) DEFAMATION (FIRST INSTANCE);
- (2) DEFAMATION (SECOND INSTANCE);
- (3) INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE;
- (4) UNFAIR BUSINESS PRACTICES

14 CALIFORNIA BAIL AGENTS
 ASSOCIATION, a California
 15 corporation; PENNY HARDING, an
 individual; BARRY PEARLSTEIN, an
 16 individual; GLEN HUBBARD, an
 individual; LYNN SIMON, an
 17 individual; ZIG ZAG BAIL BONDS, a
 business entity form unknown; GERRI
 18 CAMPANA, individually and doing
 business as AL GRAF BAIL BONDS;
 19 ROBERT NAIRIN, an individual; and
 DOES 1 through 100, inclusive,

20 Defendants.
 21

22
 23 Plaintiff Pacific Bonding Corporation, Inc., doing business as Aladdin Bail
 24 Bonds, alleges as follows:

25 **GENERAL ALLEGATIONS**

26 1. Plaintiff Pacific Bonding Corporation, Inc. ("Plaintiff") is a California
 27 corporation with its principal place of business located in Carlsbad, California.
 28 Plaintiff is engaged in the bail bond business throughout the State of California,

ORIGINAL

1 including San Francisco, San Mateo, Santa Clara, Marin, Alameda and San Diego
2 Counties. Plaintiff is licensed as a bail agent by the Department of Insurance for the
3 State of California. Plaintiff conducts business under the name Aladdin Bail Bonds.
4 Plaintiff has also conducted business in Riverside County under the name Ray's Bail
5 Bonds.

6 2. Defendant California Bail Agents Association ("CBAA") is a California
7 corporation which conducts business throughout the State of California.

8 3. Defendant Penny Harding ("Harding") is an individual who at all relevant
9 times was the executive director of the CBAA, and who is believed to be a resident of
10 Sacramento County, California.

11 4. Defendant Barry ~~Pearlstein~~ ^{Pearlstein} ("Pearlstein") is an individual, is a licensed
12 bail agent, and is believed to be a resident of Fresno County, California. Plaintiff is
13 informed and believes that Pearlstein is a member of the CBAA, and at all relevant
14 times was the president of the CBAA.

15 5. Defendant Glen Hubbard ("Hubbard") is an individual, is a licensed bail
16 agent, and is believed to be a resident of Marin County, California. Plaintiff is
17 informed and believes that Hubbard is a member of the CBAA.

18 6. Defendant Lynn Simon ("Simon") is an individual, is a licensed bail
19 agent, and is believed to be a resident of Santa Clara County, California. Plaintiff is
20 informed and believes that Simon is a member of the CBAA.

21 7. Defendant Zig Zag Bail Bonds ("Zig Zag") is a business entity, form
22 unknown, and is believed to do business in Santa Clara County and San Mateo
23 County, California. Plaintiff is informed and believes that defendants Hubbard and
24 Simon are both owners, agents and/or employees of Zig Zag.

25 8. Defendant Gerri Campana ("Campana") is an individual, is a licensed
26 bail agent who conducts business under the fictitious business name Al Graf Bail
27 Bonds, and is believed to be a resident of San Francisco County, California. Plaintiff is
28 informed and believes that Campana is a member of the CBAA.

1 9. Defendant Robert Nairin ("Nairin") is an individual, is believed to be a
2 licensed bail agent, and is believed to be a resident of Los Angeles County, California.
3 Plaintiff is informed and believes that Nairin is a member of the CBAA.

4 10. Plaintiff is presently unaware of the true names or capacities of the
5 defendants named herein as Does I through 100, inclusive, and Plaintiff will seek leave
6 of court to allege their true names and capacities after same has been ascertained.

7 11. Plaintiff is informed and believes and thereon alleges that each of the
8 fictitiously named defendants are responsible for or has contributed to the matters
9 herein related giving rise to the relief being sought by Plaintiff, and Plaintiff therefore
10 asserts and alleges each and every cause of action against each such fictitiously named
11 defendant. When the identities and capacities and activities of said defendants are
12 ascertained, Plaintiff will amend the Complaint to so allege.

13 12. Plaintiff is informed and believes and thereon alleges that at all relevant
14 times each of the defendants, including the Doe defendants, were the agent or
15 employee of each of the other defendants and at all times were acting within the scope
16 and authority of said agency and/or employment.

17 13. Plaintiff is informed and believes and thereon alleges that all defendants
18 are either direct competitors, representatives, employees or agents of competitors,
19 owners or principals of corporate competitors, or trade organizations whose members
20 are direct competitors of Plaintiff in the California bail industry. As to those
21 defendants who are employees or agents of Plaintiff's competitors, Plaintiff is informed
22 and believes, and based thereon alleges that said defendants all times alleged herein
23 acted within the course and scope of their employment and/or agency.

24 14. Plaintiff is informed and believes and based thereon alleges that
25 defendants harbor animosity against Plaintiff and Plaintiff's owners, principals, and
26 employees as a result of defendants' inability to successfully compete with Plaintiff in
27 the retail bail industry. In particular, Plaintiff is informed and believes that defendants
28 harbor animosity against Plaintiff's majority shareholder, Robert Spencer Douglass, III

1 (“Douglass”). Within the bail industry, Douglass is commonly associated with
 2 Plaintiff. Plaintiff is informed and believes, and based thereon alleges that Plaintiff’s
 3 superior marketing, foresight, efficiency, planning and execution of its business plan in
 4 the bail industry, combined with defendants’ inferior marketing, lack of foresight,
 5 inefficiency, and inferior planning and execution of their business plans and operations,
 6 has led to the loss of business and market share by defendants in the bail industry.

7 FACTUAL BACKGROUND

8 The Scheme

9 15. Plaintiff is informed and believes and based thereon alleges that
 10 defendants and each of them conceived of a scheme and agreed to implement the
 11 scheme, through which defendants would injure Plaintiff’s business reputation,
 12 interfere with Plaintiff’s prospective economic advantage, divert bail business which
 13 would otherwise go to Plaintiff to defendants or some of them, and to generally impede
 14 Plaintiff’s ability to compete for business in the bail industry.

15 16. Plaintiff is informed and believes and based thereon alleges that
 16 defendants’ scheme was to hire third-persons to prepare a written report which would
 17 purport to be an independent examination of the bail industry and make
 18 recommendations for change to the industry. In reality, however, the report would not
 19 be independent and it would focus primarily on false and misleading rumors and
 20 innuendo concerning the business activities of Plaintiff and Douglass, so as to cast
 21 Plaintiff in a false light, to create the impression that Plaintiff is dishonest in its
 22 business dealings and to cause the reader to believe, falsely, that Plaintiff has
 23 committed crimes.

24 17. Plaintiff is informed and believes and based thereon alleges that
 25 defendants intended to conceal their role in the preparation of the report in order to
 26 create the appearance that the report was independent and impartial. In reality,
 27 however, defendants would directly control the preparation, provide the “authors” of
 28 the report with all of the information and assumptions upon which the report would be

1 based, limit the “authors” independent investigation of facts and allegations asserted in
2 the report, and finally dictate the conclusions reached in the report. In so doing,
3 defendants would ensure that the report was a false, misleading and negative attack on
4 Plaintiff’s business.

5 18. Under the scheme, once the report was completed, defendants would
6 distribute the report to various persons involved in and associated with the bail
7 industry, as if the report was in fact an “independent” examination of the bail bond
8 industry, and use the report to support defendants’ claims that Plaintiff was engaged in
9 illegal activities. Defendants believed that they could then repeat the false claims of
10 illegal conduct by Plaintiff with impunity simply by claiming that they were merely
11 repeating accurately the contents of the “independent” report.

12 19. In particular, defendants intended to distribute the report, anonymously
13 and/or through the CBAA, to the Department of Insurance for the State of California.
14 Defendants knew that, as part of its regular governmental functions, the Department of
15 Insurance monitors and oversees Plaintiff’s business activities on a day-to-day basis,
16 and possesses significant regulatory control over Plaintiff. Defendants intended to
17 distribute their “independent” report to the Department of Insurance to create the false
18 appearance of credibility to similar claims that defendants had previously made to the
19 Department of Insurance, and to reiterate similar false allegations defendants had made
20 to the Department of Insurance regarding Plaintiff’s business practices and those of
21 Plaintiff’s owners, employees and agents. By thus casting Plaintiff in a false, negative,
22 and misleading light, defendants intended to harm, and did harm, Plaintiff’s
23 relationship with the Department of Insurance, which had the natural and intended
24 effect of injuring Plaintiff’s business.

25 20. Plaintiff is informed and believes and based thereon alleges that each
26 defendant agreed to actively participate in the enactment of this scheme by paying for
27 the preparation of the report, providing information for use in the report, participating
28 in the writing and editing of the report, and participating in the dissemination of the

1 report.

2 Enactment of the Scheme

3 21. On or around March 2003, defendant Nairin contacted Linda Marsa
4 ("Marsa"). Marsa is a free-lance "investigative reporter" who writes on health and
5 science topics. Nairin told Marsa that he was interested in hiring someone to prepare a
6 report on the bail bond industry. Marsa informed Nairin that, although she did not
7 have any prior experience working in, or reporting on, the bail industry, she would
8 consider drafting such a report.

9 22. Shortly thereafter, defendants participated in a telephone conference with
10 Marsa and her husband, William Roberts ("Roberts"). Roberts is a licensed private
11 investigator, and the sole proprietor of William Roberts & Associates. During this
12 conversation Roberts informed defendants that he did not have any prior experience
13 working within the bail bond industry.

14 23. During this telephone conference, defendants told Roberts and Marsa
15 that they were angry and frustrated with Plaintiff because Plaintiff and its owners,
16 employees and agents had engaged in numerous improper and illegal business activities,
17 and that these activities were causing other bail agencies and surety companies to go
18 out of business. Defendants told Roberts and Marsa that Plaintiff used "tank rep's" to
19 solicit business, gave illegal gifts to law enforcement, and embezzled money from
20 several sureties. Defendants also told Roberts and Marsa that they wanted the report
21 to be a "hit-piece" on Plaintiff's business activities.

22 24. In the course of this conversation, defendants told Roberts and Marsa
23 that they had already reported these incidents of illegal business practices to the
24 Department of Insurance, but the Department of Insurance would not investigate these
25 complaints to defendants' satisfaction. According to defendants, the Department of
26 Insurance told them that it did not have adequate resources to properly investigate
27 their claims. Defendants told Roberts and Marsa that they wanted the report to be the
28 investigation that the Department of Insurance could not afford, and that they

1 intended to give the report to the Insurance Commissioner. Plaintiff is informed and
2 believes, and thereon alleges, defendants made these statements to induce Roberts and
3 Marsa to agree to undertake the preparation of the report. Defendants knew at this
4 time that their allegations were false and that a truly "independent" report would not
5 support their claims. They therefore intended to restrict the information given to
6 Roberts and Marsa and limit their investigation to create a false report that merely
7 appeared "independent." Defendants then intended to deliver (anonymously or
8 through the CBAA and its members) the report to the Department of Insurance.
9 Defendants intended the report to give a false appearance of credibility to their earlier
10 claims, and to reiterate these false allegations in order to interfere with the relations of
11 Plaintiff and Plaintiff's owners, employees and agents with the Department of
12 Insurance and in the hope that the Department of Insurance would take action to
13 investigate or prosecute Plaintiff or Plaintiff's owners, employees and agents for these
14 false allegations.

15 25. During the conversation, defendants told Roberts and Marsa that they
16 had agreed among themselves that Hubbard would act on behalf of all defendants in
17 directing the investigation and preparation of the report by Roberts and Marsa.

18 Preparation of the Report

19 26. Plaintiff is informed and believes and based thereon alleges that the
20 report was prepared by Roberts and Marsa, under the direction and control of
21 defendants, over the course of March 2003 through July 18, 2003. Defendants
22 provided Roberts and Marsa with an outline defining the scope of work on the report.
23 Defendants provided all of the information to be included in the report with the sole
24 exception of the amounts of forfeited but unpaid bail bonds. With respect to this
25 issue, defendants directed Roberts and Marsa to conduct an investigation of court
26 records in a limited number of California counties.

27 27. Defendants directed Roberts and Marsa to draw a connection between
28 allegations made in a civil action between Ranger Insurance Company and Plaintiff's

1 owner, and the subsequent failure of certain sureties, including Frontier Pacific
2 Insurance Company and Alistar Insurance Company. Defendants specifically directed
3 Roberts and Marsa to draft the report in a manner which concluded that the
4 allegations in the Ranger lawsuit were true, that Plaintiff was engaged in the same type
5 of conduct with the failed sureties, that the conduct constituted criminal activity, and
6 that Plaintiff's conduct caused the sureties to go into liquidation by the Department of
7 Insurance.

8 28. Plaintiff is informed and believes and based thereon alleges that
9 defendants knew that the allegations made in the Ranger lawsuit were civil, not
10 criminal, that the matter involved a dispute over contractual distribution of premiums,
11 that the matter was settled, and that no criminal allegations had ever been made in
12 connection with that action. Moreover, defendants knew that the failure of the other
13 sureties, including Frontier and Alistar, was the direct result of problems with the non-
14 bail aspects of their business, that the actual cause of their liquidation was a matter of
15 public record in the liquidation proceedings, and that the failure of the sureties had
16 absolutely nothing to do with Plaintiff or Plaintiff's business activities.

17 29. Plaintiff is informed and believes and based thereon alleges that
18 defendants provided Roberts and Marsa with extensive documentation relating to
19 Plaintiff and Douglass. However, defendants only provided Roberts and Marsa
20 selected documents that tended to support their false allegations against Plaintiff and
21 Douglass. Defendants provided limited documents and restricted the investigation
22 because defendants wanted to create a false, negative and misleading report.

23 30. Plaintiff is informed and believes and based thereon alleges that
24 defendants provided Roberts and Marsa with the names and telephone numbers of
25 persons to contact in the course of their investigation. However, defendants only
26 provided Roberts and Marsa the names and telephone numbers of people who shared
27 defendants hostility to Plaintiff and Douglass. Defendants restricted the investigation
28 to the names and telephone numbers they provided because defendants wanted to

1 create a false, negative and misleading report.

2 31. Plaintiff is informed and believes and based thereon alleges that
3 defendant Pearlstein, then-president of the CBAA, directly provided information to
4 Marsa in the course of the investigation and preparation of the report. Plaintiff is
5 further informed and believes that Pearlstein provided Marsa some of the documents
6 described above to be included in the report.

7 32. Once a rough draft of the report was completed, defendants directed
8 Roberts and Marsa to provide copies of the draft to defendants Hubbard, Nairin, Gerri
9 Campana and Harding for review and revision. Thereafter, defendants directed
10 Roberts and Marsa to make numerous revisions to the draft report, including both
11 grammatical and substantive changes. These changes included listing Marsa and
12 Roberts as the authors of the report, instead of it being a CBAA report, and altering the
13 recommendations and conclusions in order to ensure that the reader of the report
14 would understand that Plaintiff and its owners, employees and agents had committed
15 crimes and caused several sureties to fail at a significant cost to taxpayers and counties.

16 33. Defendants directed Marsa and Roberts to prepare three original copies
17 of the report, which were bound with exhibit tabs and blue cover-pages. The report
18 contains false statements concerning Plaintiff and Douglass which would certainly
19 harm Plaintiff in its business and reputation. On or about July 18, 2003, the three
20 original copies were sent by Roberts to defendants Hubbard, Nairin, and Harding at
21 the CBAA. A copy of the report (the "Report") is attached as Exhibit "A" and
22 incorporated herein by reference.

23 **The Letter**

24 34. As step two of their scheme to defame Plaintiff, defendants prepared and
25 printed an unsigned letter (the "Letter"), which they then published and circulated to
26 every attorney in San Francisco County, San Mateo County, Santa Clara County,
27 Marin County, Alameda County, and San Diego County, along with the Report
28 described above. A copy of the Letter is attached hereto as Exhibit "B" and

1 incorporated herein by reference.

2 35. The following statements from the Letter are false and defame
3 Plaintiff:

4 PLEASE SEE THE FOLLOWING INFORMATION ON THE ILLEGAL
5 ACTIVITY REGARDING ROBERT SPENCER DOUGLAS A.K.A.
ALADDIN BAIL BONDS.

6 AS A STATE WIDE ASSOCIATION WE ARE SICK OF CUSTOMERS
7 BEING LIED TO AND QUOTED ILLEGAL RATES. HOW CAN YOU
SEND YOUR CLIENTS TO SUCH A PLACE.

8 36. Defendants' written communications to every attorney in San Francisco
9 County, San Mateo County, Santa Clara County, Marin County, Alameda County,
10 and San Diego County were in fact false. Plaintiff has never been convicted of illegal
11 criminal activity, nor has Plaintiff lied and quoted illegal rates to its customers.

12 37. In addition, the Letter included an unveiled threat to Blacklist anyone
13 who continued to do business with Plaintiff. The Letter states:

14 OUR ASSOCIATION IS PUTTING ALL ATTORNEYS ON NOTICE,
15 WE ARE MAKING A LIST AND CHECKING IT TWICE. IF WE
16 HEAR OF ANY ATTORNEYS REFERRING ALADDIN BAIL BONDS,
YOU WILL BE LISTED ON OUR BLACK LIST AND NEVER REFER
ANOTHER CLIENT FROM ANY OTHER BAIL BONDS OFFICE.

17 **FIRST CAUSE OF ACTION**
18 **Defamation (First Instance)**
(Against All Defendants)

19 38. Plaintiff hereby refers to and incorporates by reference all previous
20 paragraphs, as though fully set forth herein.

21 39. Defendants conceived of a scheme and agreed to implement this scheme,
22 to prepare and disseminate a report containing defamatory statements and tending
23 directly to injure Plaintiff's business reputation. In furtherance of this scheme,
24 defendants jointly paid for the preparation of the Report, provided (and limited) the
25 information for inclusion in the Report, participated in the drafting and editing of the
26 Report, and participated in the distribution of Report to persons it would tend to
27 influence. The intended effect of this scheme was to interfere with Plaintiff's business
28 to divert new bail business from Plaintiff to defendants, and to generally impede

1 Plaintiff's ability to compete in the bail industry.

2 40. As part of this conspiracy, defendants agreed to hire, and did hire, Roberts
3 and Marsa to prepare the Report. At all times stated herein, Roberts and Marsa acted
4 as the agents of defendants, and under their specific direction and control and within
5 the scope of their agency. Defendants directed and orchestrated the preparation of the
6 Report.

7 41. The Report is defamatory, in both individual statements contained
8 therein, and when taken as a whole. The Report is intended to and has caused readers
9 to believe that an "independent" investigation was conducted, that the investigation
10 concluded that Plaintiff, and its principals, officers, employees and agents have engaged
11 in unfair and illegal business practices, including bribery and embezzlement, and were
12 the direct cause of the failure of several surety companies which directly cost the
13 counties and tax payers millions of dollars. These statements and conclusions are false.

14 42. The Report clearly exposes Plaintiff to hatred, contempt, ridicule,
15 disparagement, and obloquy because it states that Plaintiff is guilty of illegal business
16 practices with regard to its bail bond customers, and discourages third parties from
17 conducting business with Plaintiff.

18 43. The Report was potentially seen and read by every attorney in San
19 Francisco County, San Mateo County, Santa Clara County, Marin County, Alameda
20 County, and San Diego County when it was distributed along with and/or without the
21 Letter. At that time, and on that occasion, in San Francisco County, San Mateo
22 County, Santa Clara County, Marin County, Alameda County, and San Diego County
23 and throughout the state of California, defendants were negligent in publishing this
24 Report. With ordinary and reasonable care, defendants would have realized or could
25 have discovered that the Report was obviously false and grossly libelous as it applied to
26 this Plaintiff.

27 44. The natural and probable effect of the statements published by
28 defendants was to defame Plaintiff without the necessity of considering the

1 surrounding circumstances. Therefore, the statements constitute libel per se.

2 45. As a proximate result of the above-described publication by defendants,
3 Plaintiff has suffered loss of business and its reputation has been damaged, and
4 continues to be damaged, in an amount which will be proven at trial. The actions of
5 defendants have also caused Plaintiff to be boycotted and disparaged, and to lose its
6 customers and profits, all to Plaintiff's general damage in an amount in excess of the
7 jurisdiction of the court. The full extent of Plaintiff's damages are not known at this
8 time, and Plaintiff will request leave to amend this Complaint after its damages have
9 been fully ascertained.

10 46. Defendants acted with malice, oppression and fraud, in publishing the
11 false and misleading statements about Plaintiff with knowledge of its falsity or in
12 reckless disregard for whether it was true. Defendants acted with despicable conduct
13 which subjected Plaintiff to cruel and unjust hardship in conscious disregard of its
14 rights, and tending directly to injure Plaintiff. The conduct of defendants was so vile,
15 base, contemptible, miserable, wretched, and loathsome that it would be looked down
16 upon and despised by ordinary people. Plaintiff is therefore entitled to punitive
17 damages in an amount appropriate to punish defendants and to deter others from
18 engaging in similar conduct.

19 **SECOND CAUSE OF ACTION**
20 **Defamation (Second Instance)**
(Against All Defendants)

21 47. Plaintiff hereby refers to and incorporates by reference all previous
22 paragraphs, as though fully set forth herein.

23 48. Defendants, including DOES 1-100, and each of them, conceived of a
24 scheme and agreed to implement the scheme, to prepare and disseminate the Letter to
25 every attorney in San Francisco County, San Mateo County, Santa Clara County,
26 Marin County, Alameda County, and San Diego County. In furtherance of this
27 scheme, defendants undertook to pay for the preparation of the Report, to provide and
28 limit the information for inclusion in the Report, to participate in the drafting and

1 editing of the Report, to participate in the drafting of the letter, and to participate in
2 the distribution of the Letter and Report.

3 49. Plaintiff is informed and believes, and thereon alleges, that on or about
4 September 2003, defendants intentionally printed, published and circulated the Letter,
5 or caused to be printed, published and circulated the Letter, to every attorney in San
6 Francisco County, San Mateo County, Santa Clara County, Marin County, Alameda
7 County, and San Diego County.

8 50. The Letter is libelous on its face. It clearly exposes Plaintiff to hatred,
9 contempt, ridicule, disparagement, and obloquy because it states that Plaintiff is guilty
10 of illegal business practices with regard to its bail bond customers, and discourages
11 third parties from conducting business with Plaintiff.

12 51. The Letter was potentially seen and read by every attorney in San
13 Francisco County, San Mateo County, Santa Clara County, Marin County, and
14 Alameda County, and San Diego County.

15 52. Defendants published the Letter, knowing that it was false and with
16 reckless disregard for whether it was true because they knew that Plaintiff was not
17 charged with, nor had Plaintiff been convicted of, any illegal conduct.

18 53. The natural and probable effect of the statements published by
19 defendants was to defame Plaintiff without the necessity of considering the
20 surrounding circumstances. Therefore, the statements constitute libel per se.

21 54. As a proximate result of the above-described publication by defendants,
22 Plaintiff has suffered loss of business and its reputation has been damaged, and
23 continues to be damaged, in an amount which will be proven at trial. The actions of
24 defendants have also caused Plaintiff to be boycotted and disparaged, and to lose its
25 customers and profits, all to Plaintiff's general damage in an amount in excess of the
26 jurisdiction of the court. The full extent of Plaintiff's damages are not known at this
27 time, and Plaintiff will request leave to amend this Complaint after its damages have
28 been fully ascertained.

55. Defendants acted with malice, oppression and fraud, in publishing the false and misleading statements about Plaintiff with knowledge of its falsity or in reckless disregard for whether it was true. Defendants acted with despicable conduct which subjected Plaintiff to cruel and unjust hardship in conscious disregard of its rights, and tending directly to injure Plaintiff. The conduct of defendants was so vile, base, contemptible, miserable, wretched, and loathsome that it would be looked down upon and despised by ordinary people. Plaintiff is therefore entitled to punitive damages in an amount appropriate to punish defendants and to deter others from engaging in similar conduct.

THIRD CAUSE OF ACTION
Intentional Interference with Prospective Economic Advantage
(Against All Defendants)

56. Plaintiff hereby refers to and incorporates by reference all previous paragraphs, as though fully set forth herein.

57. Defendants conceived of a scheme and agreed to implement the scheme to prepare and disseminate a report containing defamatory statements and tending directly to injure Plaintiff's business reputation. Defendants concocted this scheme as an attempt to cloak their defamatory remarks about Plaintiff with an air of credibility through an "independent" report and as a means to shield later oral and/or written defamatory remarks by couching the statements as a more accurate representation of assertions and conclusions of the Report. In furtherance of this scheme, defendants undertook to pay for the preparation of Report, to provide and limit the information for inclusion in the Report, to participate in the drafting and editing of Report, and to participate in the distribution of said Report among persons it would tend to influence, along with the Letter described above. The intended effect of this scheme was to interfere with Plaintiff's prospective economic advantage, divert bail business which would otherwise go to Plaintiff to defendants or some of them, and to generally impede Plaintiff's ability to compete for business in the bail industry.

58. Plaintiff is in the business of issuing bail bonds. On an on-going basis,

1 Plaintiff issues new and renewal bail bonds to customers throughout the State,
2 including in San Francisco County, San Mateo County, Santa Clara County, Marin
3 County, Alameda County, and San Diego County.

4 59. As a result of Plaintiff's good reputation in the bail bond business
5 community, Plaintiff maintained a non-contractual relationship with its bail bond
6 customers, referral sources, the defense bar, and the community in general in San
7 Francisco County, San Mateo County, Santa Clara County, Marin County, Alameda
8 County, and San Diego County. Such relationships contained probable future
9 economic benefits to Plaintiff, as former bail bond customers and their attorneys often
10 referred business to Plaintiff or engaged in repeat business with Plaintiff.

11 60. Defendants had full knowledge of these existing business and economic
12 relationships which existed between Plaintiff and its bail bond customers and
13 attorneys, as well as the probable future economic benefits to Plaintiff, as Plaintiff is a
14 well-known bail bond business.

15 61. Defendants engaged in intentionally wrongful acts designed to disrupt
16 Plaintiff's business and economic relationships with its existing and former bail bond
17 customers and attorneys, as well as the probable future economic benefit to Plaintiff.
18 Wrongful and illegal conduct engaged in by defendants includes libel, libel per se, and
19 unfair business practices. Specifically, defendants conspired to, and did carry out the
20 preparation and publication of a purportedly "independent" Report, which Report
21 contains individual false statements of fact, and in its totality, is clearly intended to
22 cause persons to believe that Plaintiff, including its principals, officers, employees, and
23 agencies, are engaged in unfair and illegal business practices, including bribery and
24 embezzlement and caused the failure of several sureties of great cost to counties and
25 tax payers.

26 62. In addition, defendants stated in the Letter to every attorney in San
27 Francisco County, San Mateo County, Santa Clara County, Marin County, Alameda
28 County, and San Diego County which contains false and defamatory statements about

1 Plaintiff, included a copy of the defamatory report and included an unveiled threat to
2 Blacklist anyone who continued to do business with Plaintiff. The Letter states:

3 OUR ASSOCIATION IS PUTTING ALL ATTORNEYS ON NOTICE,
4 WE ARE MAKING A LIST AND CHECKING IT TWICE. IF WE
5 HEAR OF ANY ATTORNEYS REFERRING ALADDIN BAIL BONDS,
6 YOU WILL BE LISTED ON OUR BLACK LIST AND NEVER REFER
7 ANOTHER CLIENT FROM ANY OTHER BAIL BONDS OFFICE.

8 AS A STATE WIDE ASSOCIATION WE ARE SICK OF CUSTOMERS
9 BEING LIED TO AND QUOTED ILLEGAL RATES. HOW CAN YOU
10 SEND YOUR CLIENTS TO SUCH A PLACE.

11 63. Defendants at all times acted with the desire to interfere with Plaintiff's
12 business and economic relationship with its bail bond customers, and to harm Plaintiff
13 financially. Defendants acted with the knowledge that such interference was
14 substantially certain to occur as a result of its action in publishing the Letter and the
15 Report.

16 64. As a proximate result of the actions of defendants, Plaintiff's business and
17 reputation have been damaged, and continue to be damaged, in an amount to be
18 proven at trial, but which exceeds the minimum jurisdiction of this Court. The actions
19 of defendants have also caused Plaintiff to be boycotted and disparaged, and to lose its
20 customers and profits. The full nature and extent of Plaintiff's damages are not known
21 at this time, and Plaintiff will request leave to amend this Complaint after its damages
22 have been fully ascertained.

23 65. Defendants acted with malice, oppression and fraud, in intentionally
24 making the false and misleading statements about Plaintiff. Defendants acted with
25 despicable conduct which subjected Plaintiff to cruel and unjust hardship in conscious
26 disregard of their rights, and tending to injure Plaintiff. The conduct of defendants
27 was so vile, base, contemptible, miserable, wretched, and loathsome that it would be
28 looked down upon and despised by ordinary people. Plaintiff is therefore entitled to
29 punitive damages in an amount appropriate to punish defendants and to deter others
30 from engaging in similar conduct.

31 66. Defendants threaten to, and unless restrained will, continue to disrupt

1 the business and economic relationships between Plaintiff and its bail bond customers
 2 and their attorneys to Plaintiff's great and irreparable injury, for which damages would
 3 not afford adequate relief, in that they would not completely compensate for the injury
 4 to Plaintiff's business reputation and good will.

5 **FOURTH CAUSE OF ACTION**
 6 **Unfair Business Practice (Business & Professions Code section 17200, et seq.)**
 7 **(Against All Defendants)**

8 67. Plaintiff hereby refers to and incorporates by reference all previous
 9 paragraphs, as though fully set forth herein.

10 68. Defendants conceived of a scheme and agreed to implement the scheme,
 11 to prepare and disseminate a report containing defamatory statements tending directly
 12 to injure Plaintiff's business reputation. In furtherance of this scheme, defendants
 13 undertook to pay for the preparation of Report, to provide and limit the information
 14 for inclusion in the Report, to participate in the drafting and editing of said Report,
 15 and to participate in the distribution of Report among persons it would tend to
 16 influence, along with the Letter described above. The intended effect of this scheme
 17 was to interfere with Plaintiff's prospective economic advantage, divert bail business
 18 which would otherwise go to Plaintiff to defendants or some of them, and to generally
 19 impede Plaintiff's ability to compete for business in the bail industry.

20 69. Defendants conduct constitutes in unlawful, fraudulent, and unfair
 21 business practices within the meaning of Business and Professions Code sections
 22 17200, et seq.

23 70. The conduct described above is in violation of California and/or federal
 24 statute, regulation, or common law including, but not limited to, Civil Code sections
 25 45, et seq. Such legal violations include but are not limited to the formation and
 26 execution of a conspiracy to defame Plaintiff, and to interfere with Plaintiff's
 27 prospective economic advantage. In addition, defendants are engaging in an unlawful
 28 business practice by referring bail clients to attorneys, in violation of Article 10 of the
 California Code of Regulations, section 2071. Consequently, defendants have engaged

1 in unlawful conduct in violation of the unfair competition laws.

2 71. The conduct described above is reasonably calculated to deceive and
3 mislead the recipients of the Letter and Report. Consequently, defendants have
4 engaged in fraudulent conduct in violation of the Unfair Competition laws.

5 72. The conduct described above offends established public policy and is
6 immoral and/or unethical. Consequently, and for the reasons stated above, defendants
7 have engaged in unfair business practices in violation of the unfair competition laws.

8 73. Plaintiff is informed and believes and thereon alleges that defendants
9 performed the above-mentioned acts for the purpose of injuring Plaintiff's business
10 reputation and good will, deceiving the public, and unfairly manipulating the retail bail
11 bond market.

12 74. Defendants threaten to, and unless restrained will, continue to publish
13 false and libelous statements about Plaintiff, as well as threaten every attorney in San
14 Francisco County, San Mateo County, Santa Clara County, Marin County, Alameda
15 County, and San Diego County that they will be listed on the black list and never be
16 referred another client from any other bail bonds office if defendants hears of any
17 attorneys referring Plaintiff.

18 75. As a proximate result of the above-mentioned acts of defendants, Plaintiff
19 has been deprived, and continues to be deprived, of a large number of its actual and
20 potential customers, its reputations has been irreparably harmed to the public, has
21 been and continues to be misled, and the defense bar continues to operate under the
22 threat of unlawful retaliation by the bail industry if it engages in business with
23 Plaintiff.

24 76. As a direct and proximate result of defendants unfair, unlawful and
25 fraudulent business practices, defendants have diverted, and continue to divert, bail
26 bond business (and the resulting revenue and profits thereon) from Plaintiff to
27 defendants in an amount to be proven at trial. Such diversion will continue unabated
28 to the detriment of Plaintiff and the general public even if defendants' conduct ceases

1 unless and until defendants are publically enjoined from engaging in these unfair,
 2 illegal and fraudulent business practices and the ill-gotten profits from defendants'
 3 conduct is disregarded because defendants will have unfettered use of the ill-gotten
 4 profits to secure additional advantage through advertising etc. to the detriment of the
 5 industry and the public, and because the recipients of defendants' defamatory
 6 materials will continue to fear retaliation from defendants and/or believe defendants'
 7 false statements about Plaintiff until Plaintiff is publically vindicated and defendant is
 8 publically reproached.

9 WHEREFORE, Plaintiff prays for judgment against defendants, including Does
 10 I through 100, and each of them, as follows:

11 **1. On the First Cause of Action:**

12 a. For compensatory, general and special damages, together with
 13 interest thereon, at a legal maximum rate, in an amount in an amount exceeding the
 14 minimum jurisdictional amount of this Court according to proof at trial;

15 b. For punitive damages in an amount appropriate to punish
 16 defendants, including Does I through 100, and each of them, and to deter others from
 17 engaging in similar conduct;

18 c. For statutorily-authorized attorneys fees and costs incurred in
 19 investigating and prosecuting this action;

20 d. For any other and further relief as the court may deem proper.

21 **2. On the Second Cause of Action:**

22 a. For compensatory, general and special damages, together with
 23 interest thereon, at a legal maximum rate, in an amount in an amount exceeding the
 24 minimum jurisdictional amount of this Court according to proof at trial;

25 b. For punitive damages in an amount appropriate to punish
 26 defendants, including Does I through 100, and each of them, and to deter others from
 27 engaging in similar conduct;

28 c. For statutorily-authorized attorneys fees and costs incurred in

1 investigating and prosecuting this action;

2 d. For any other and further relief as the court may deem proper.

3 3. On the Third Cause of Action:

4 a. For compensatory, general and special damages, together with
5 interest thereon, at a legal maximum rate, in an amount in an amount exceeding the
6 minimum jurisdictional amount of this Court according to proof at trial;

7 b. For punitive damages in an amount appropriate to punish
8 defendants, including Does 1 through 100, and each of them, and to deter others from
9 engaging in similar conduct;

10 c. For an order requiring defendants, including Does 1 through 100,
11 and each of them, to show cause, if any they have, why they should not be enjoined as
12 set forth below, during the pendency of this action;

13 d. For a temporary restraining order, a preliminary injunction, and a
14 permanent injunction, all enjoining defendants, including Does 1 through 100, and
15 each of them, from making any false misrepresentations to or otherwise harassing
16 Plaintiff's bail bond customers and every attorney in San Francisco, San Mateo, Santa
17 Clara, Marin, Alameda and San Diego Counties concerning their business and
18 economic relationships with Plaintiff;

19 e. For reasonable attorneys fees and costs incurred in investigating
20 and prosecuting this action;

21 f. For any other and further relief as the court may deem proper.

22 4. On the Fourth Cause of Action:

23 a. For a temporary restraining order, a preliminary injunction, and a
24 permanent injunction, enjoining defendants, including Does 1 through 100, and each
25 of them, from making any false misrepresentations to or otherwise harassing Plaintiff's
26 bail bond customers and every attorney in San Francisco, San Mateo, Santa Clara,
27 Marin, Alameda and San Diego Counties concerning their business and economic
28 relationships with Plaintiff and from engaging in unfair, unlawful and fraudulent

1 business practices relating thereto;

2 b. For private attorney general fees pursuant to section 1021.5 of the
3 Code of Civil Procedure, and for costs incurred in investigating and prosecuting this
4 action;

5 c. For any other and further relief as the court may deem proper.

6 d. For disgorgement and restitution of all ill-gotten profits received by
7 defendants and diverted from Plaintiffs as a result of defendants' unfair, illegal and
8 fraudulent business practices

9 Respectfully submitted,

10 Dated: March 26, 2004

HAYES SIMPSON GREENE LLP

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12 By:


13 Robert W. Hicks
14 John T. McGlothlin
15 Attorneys for Plaintiff
16 PACIFIC BONDING CORPORATION dba
17 ALADDIN BAIL BONDS
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